FACT SHEET

The Reliability and Emergency Reserve Trader (RERT)

AEMO has agreements with some large energy consumers and aggregators to provide out of market "unused" emergency reserves that can be activated to reduce demand in response to supply shortfalls.

This function is known as the Reliability and Emergency Reserve Trader (RERT) and is a mechanism available for AEMO to instruct under certain energy supply shortfall risks in the National Electricity Market (NEM).

When would AEMO need to enact RERT?

1

Unplanned or extreme events can impact available resources. This might include a combination of high demand, extreme weather, natural disasters, generation or transmission outages, or critical infrastructure maintenance.

2

When there is a risk of supply and demand imbalance, AEMO takes proactive steps to manage forecast reserve shortfalls by issuing Lack of Reserve (LOR) notices to the industry.

LOR notices encourage more generation and reduced electricity use to improve reserve margins and maintain power system reliability.

3

If AEMO has issued LOR notices, but generation and wholesale demand response may still not be sufficient to meet demand, AEMO may call on emergency reserve contracts through the RERT mechanism as an "emergency backstop" to meet the reliability standard or interim reliability measure.

This means reserve providers can be contracted by AEMO to either use less energy or generate power behind the meter.

Identifying reserves

Each year, AEMO publishes the Electricity Statement of Opportunities (ESOO) report, providing a reliability outlook for the NEM in the coming decade.

The ESOO helps inform planning and policy decisions, as well as investment opportunities in generation, storage and transmission for each state in the NEM.

If electricity shortfalls are identified against reliability targets, known as the Interim Reliability Measure (0.0006% expected unserved energy or USE) and the Reliability Standard (0.002% of expected USE), this will trigger the Retailer Reliability Obligation and the need for AEMO to procure emergency reserves through RERT and the Interim Reliability Reserve (IRR) mechanism.

What is the difference between short, long notice RERT and IRR?

Short notice RERT	Long notice RERT	IRR
Reserves are contracted from a panel of potential suppliers to manage unexpected risks in the power system, such as an unanticipated outage at a major generator.	Reserves are contracted based on the potential shortfalls identified against the reliability standard 0.002% USE in the latest ESOO or other forecasts.	In 2020 a temporary transitional mechanism was put in place for IRR. The interim reliability reserves are similar to long notice RERT but with a lower procurement threshold of 0.0006% USE identified in the latest ESOO and can have a longer term of 3 years.
Contracted with less than a week's notice.	Contracted in advance from 10 weeks to 12 months, in certain circumstances.	
Panel members are paid based on pre-activation and activation charges agreed when appointed to the panel, not on availability. As such, members are not required to be available.	Providers are paid availability payments and are required to be available.	

RERT and IRR costs, including provisions for provider availability, reserve pre-activation, activation and usage, are recovered from wholesale electricity market customers, such as retailers, related to the billing week when the cost was incurred. There are no payments made for being on the RERT panel. For more information, click here.

AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

About us: AEMO is the independent energy market and system operator and system planner for the National Electricity Market (NEM) and Western Australia's Wholesale Electricity Market (WEM). We are a not-for-profit company, with a membership of state and federal governments (60%) and energy industry members (40%).

More info:
aemo.com.au/about/who-we-are